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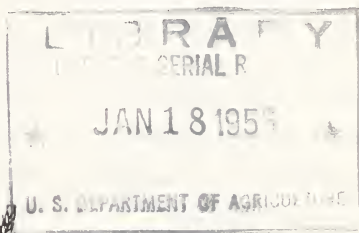
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Agricultural Situation

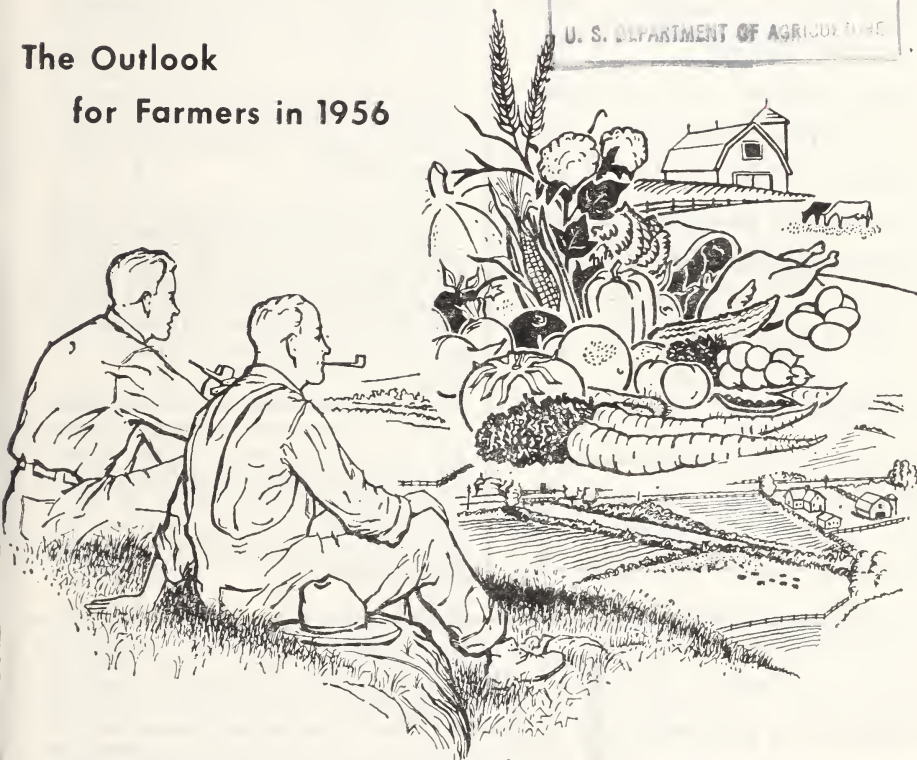
JANUARY 1956

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Agricultural Marketing Service
U. S. Department of Agriculture



The Outlook
for Farmers in 1956



BENSON STRESSES OUTLOOK DATA

Secretary of Agriculture Ezra Taft Benson said recently that he believes farm people deserve the very best economic and outlook information.

"Being raised on a farm, I became aware at an early age of the farmer's needs for outlook information," Secretary Benson declared at the 33d Annual Agricultural Outlook Conference held in Washington, D. C. He added that "later in the operation of my own farm, I was brought to realize the need for reliable economic information.

"By and large, research and education have been successful in developing and extending beneficial knowledge about technical production practices," he continued, "but good management also requires a wealth of information that reflects the tremendous impact upon farming that comes from economic and political forces arising from a myriad of developments and decisions made by many individuals, groups, and governments.

"Farm people must have a sturdy base for their economic decisions. Should my sons stay in farming? If so, in what types of enterprises? Should I expand my dairy herd; when should I market my potatoes or apples? These are only a very few of the many types of decisions to be made daily.

"Providing farmers and marketers with the necessary outlook information is a tremendous task, but we have an impressive team available to do this work. Here in Washington, D. C., we have capable economic analysts preparing the many situation reports and other materials."

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Articles In This Publication

The Agricultural Situation is sent free to crop, livestock, and price reporters in connection with their reporting work.

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Assistant Editor: Marcelle Masters

"Bert" Newell's Letter

Does it seem to you that the years roll around awfully fast? Here it is 1956 and it looks like a long way to 1957, but I know I'll be thinking the same thing next January. They tell me that this is a sign of growing old, but I think it is more indicative of the kind of life a person leads and the things that he is doing.

If you are interested in your job and a lot of other things like school and church, and the community and hobbies—things like that—there never seems time to do everything you want to do. Isn't that what makes time go fast?

One of the happiest men I ever knew was a colonel in the Army. He had a pretty big job to hold down, but he always found a way to run the best Boy Scout troop I ever saw, teach a Sunday school class, take the lead in his community affairs, drive the tires off his station wagon taking orphans to picnics, museums, and other places and—well, doing more things that you can ever think of one man wrapping himself around. His wife, two little boys, and baby girl were all in it together; and what a bubbling, happy crowd they were.

Now, you wouldn't think a man like that would have any critics, but he did have a few. Once I heard a fellow say that the colonel was just trying to run everything, and others thought he was just looking for publicity, and such nonsense as that. That didn't seem to bother him a bit. He would just let out that big laugh of his and then pile into a job of cleaning up a vacant lot to make a place for the neighborhood kids to play. He just didn't have time to get mad. There weren't enough hours in the day for him to do all the nice things he wanted to do.

Several times a year I am reminded of the colonel. We have some critics

and like the colonel if they have some real suggestions of how to do a better job or render a better service, we are all ears. But there are a few, and only a few, thank goodness, who seem to forget the Marquis of Queensberry rules and use criticisms and innuendoes apparently for the purpose of boosting their own stock. To those I'll just have to say I'm sorry but we have got an awful lot to do and I'm not going to get my blood pressure up fooling around with futile arguments that get you nowhere.

Sure, I know some people may be misled by some of the criticisms but I want to remind you folks, our co-operators, again that when you see things of that sort, try to look behind it and see what the motive is. I have always felt that the person who is really interested in better information will take the time to write, or come in, and give us the benefit of his idea.

As a matter of fact there are many people outside of the service—businessmen and others—who have been very helpful in pointing out things that need to be done or changed and then suggesting ways of getting the job done. We have also received some good suggestions from crop reporters and we appreciate them. We are spending quite a bit of time and effort on studies of how to make the crop and livestock reports better. We are doing that because we know the service is not perfect and we think that farmers and all of those interested in agriculture in this country are entitled to the best reports that can possibly be developed.

So, as we start out in the new year 1956, we come out with heads up, chins high, and with a determination to do a better job than we have ever done before. With your continued help and cooperation, I know we can handle any job that comes up. We are going to be awfully busy and we'll have to be on our toes all the time, but I've always said, "The fellow who is on his toes, doesn't need to worry about having them stepped on."



S. R. Newell
Chairman, Crop Reporting Board, AMS

SUPPLIES OF FARM PRODUCTS ARE HIGH AS CROP PRODUCTION NEARS RECORD

Supplies of farm products will continue large in 1956. Crop output in 1955, much of which will be marketed in 1956, may almost equal the record of 1948.

Large numbers of livestock on farms and big supplies and lower prices for feed assure continued heavy output of livestock products in 1956. Livestock and livestock product prices are expected to average about at 1955 levels in view of prospects for a high level of demand next year.

The large carryover stocks of many commodities from previous years swell the total supply. Stocks of wheat and corn are expected to rise further during 1955-56 but at a much slower rate than in recent years.

Cotton stocks are likely to be up significantly because of the exceptionally high yield per acre of the 1955 crop.

Stocks of food fats were reduced in 1954-55, and are expected to decline further in 1955-56.

A large part of the 1955 carryovers are owned by the Government or are held under loan or purchase agreement. This helps minimize the impact of large supplies on farm markets.

Farmers' production expenses may be a little lower in 1956 than in 1955. Feed costs, which are large in farmers' expenditures, will be less, reflecting the lower level of feed prices prevailing the latter part of 1955. Interest and tax payments on farm property will be larger in 1956. Farm wage rates and prices for many industrial products purchased by farmers also are increasing. Production costs are continuing high and realized net income of farm operators in 1955 may be 10 percent lower than in 1954.

Some further decline in income is in prospect in 1956. Further acreage restrictions on cotton and tobacco, possibly somewhat lower yields for these crops than the very high yields in 1955, and possible reductions in price support levels for some products will likely bring smaller receipts from crops. Cash re-

ceipts from livestock products in 1956 may total as large and perhaps slightly larger than in 1955 if farmers halt the expansion in hog production.

Thus, indications are that there will be some further lowering of returns from agriculture in 1956 in contrast to increasing incomes in the non-agricultural economy.

The growth in consumer income has been accompanied by a corresponding increase in consumer expenditures. The proportion spent for food in recent years remained steady—at about one-fourth. The rise in income in prospect for 1956 probably will be accompanied by increased spending.

Prices of cattle in 1956 may begin a gradual recovery; sheep and lamb prices also are expected to average as high in 1956 as in 1955. Prices of hogs will probably be lower than the previous year in the first half of 1956, but will compare more favorably later and for the year may average not much below 1955.

Milk production and consumption in 1956 are both likely to be above levels in 1955. Prices to farmers are not likely to change much in the coming year and cash receipts may average slightly higher.

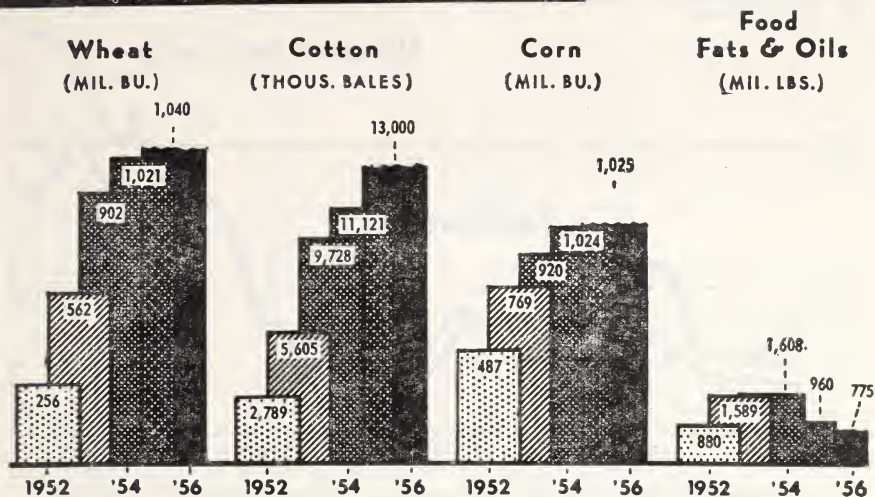
Farm production of eggs, chickens, and turkeys are all expected to be larger in 1956 than in 1955. Prices may average a little lower than last year.

Supplies of food fats in 1955-56 will be about as large as the 1954-55 record quantity and will probably far exceed domestic use. Exports will likely be sufficient to prevent much change in carryover for 1955-56. Prices of most food fats will average lower than the year before.

The supply of feed grains and other concentrates is at a record high of 196 million tons for the 1955-56 season. Feed prices are expected to average lower in the 1955-56 feeding season than in 1954-55.

Wheat supplies for the 1955-56 marketing year are estimated at 1,963 mil-

Stocks of Most Storable Products Again Increase in 1955

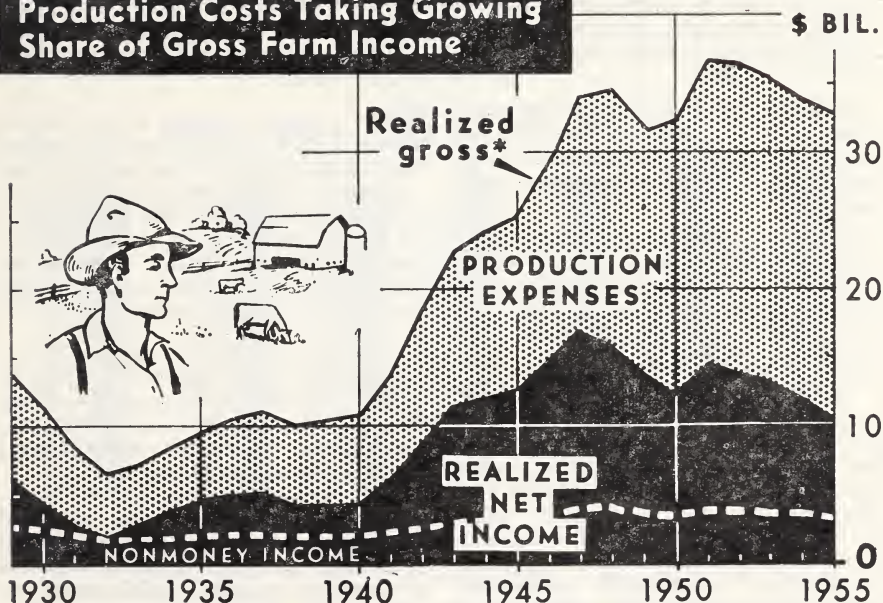


CROP YEARS BEGINNING: WHEAT, JULY 1; COTTON, AUG. 1; CORN, OCT. 1; FATS AND OILS, OCT. 1. HEIGHT OF BARS ARE PROPORTIONAL TO VALUE. 1954 BARS BASED ON PROSPECTS FOR PRODUCTION AND DISAPPEARANCE AS OF OCTOBER, 1953.

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Production Costs Taking Growing Share of Gross Farm Income

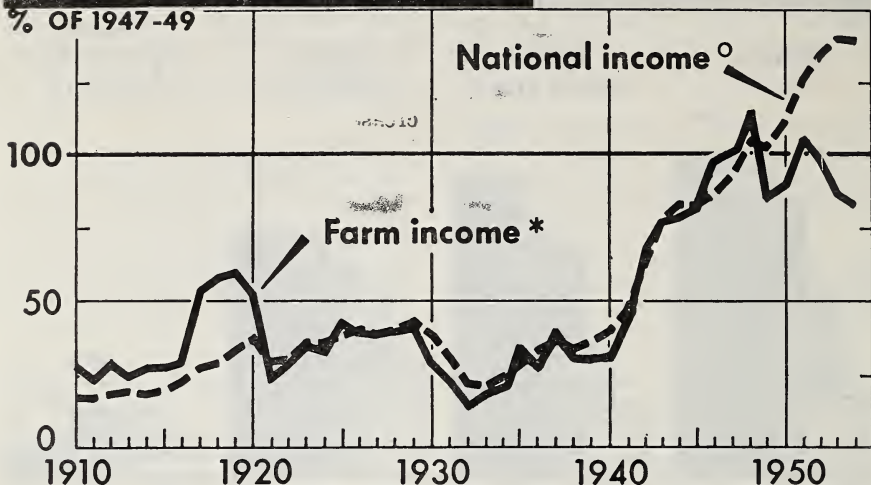


*INCLUDING GOVERNMENT PAYMENTS, BEGINNING 1933

U. S. DEPARTMENT OF AGRICULTURE

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National Income Continues Up as Farm Income Declines



* FARM INCOME REFERS TO NET INCOME FROM AGRICULTURAL SOURCES TO PERSONS LIVING ON FARMS

○ DEPARTMENT OF COMMERCE ESTIMATES OF NATIONAL INCOME HAVE BEEN ADJUSTED TO MAKE THEM COMPARABLE WITH FARM INCOME ESTIMATES

U. S. DEPARTMENT OF AGRICULTURE

NEG. 1729-55 (11) AGRICULTURAL MARKETING SERVICE

lion bushels, a record, and 87 million above a year earlier. The rice carryover jumped from 7.6 million hundredweight in 1954 to 26.7 million on August 1, 1955. As a result, acreage allotments in 1956 will be cut 15 percent below the allotment in 1955.

Domestic demand for fresh and processed fruits is expected to be as strong in 1956 as in 1955 while exports may rise moderately. Production may be a little larger.

Consumer demand for fresh vegetables in 1956 is expected to be as strong as in 1955. Thus, prices farmers receive for these products in 1956 will depend largely on the volume produced and marketed.

Demand for commercially canned and frozen vegetables is expected to continue high through the 1955-56 marketing year. Total supplies during the 1955-56 marketing year are not expected to differ much from those of the 1954-55 season. If consumer demand remains at the level currently anticipated, commercial processors probably will seek a larger tonnage of a number of vegetables in 1956.

Storage holdings of potatoes on January 1, 1956, are expected to be larger than a year ago. Indications are that growers in Florida and Texas will increase the acreage of potatoes for 1956 winter harvest compared with a year earlier.

The supply of cotton in the United States is now estimated at 25.7 million bales compared with the previous record of 24.6 million bales set in 1939-40. The carryover at the end of the 1955-56 season will probably set a new record. Higher production and larger stocks point to a greater supply of wool during the 1955-56 season.

Domestic use of flue-cured and burley tobacco will probably be larger in 1956. The supply of flue-cured is very large—both carryover and production are records. The burley supply is about the same as a year earlier.

Prices for naval stores are expected to remain close to current levels well into 1956. A small increase in prices is possible in 1956. CCC stocks of rosin and turpentine showed a substantial reduction in 1955.

Lumber consumption is expected to remain high during 1956—perhaps declining slightly. Lumber output for 1955 is estimated at about 7 percent above 1954 and the largest since 1925. Pulpwood consumption in 1955 is estimated at 13 percent larger than in 1954. The demand for paper and board is exceptionally high and some further increase is expected in 1956.

Significant shifts in crop acreage have been made in the past 2 years, largely as a result of acreage allotment programs. Acreage devoted to wheat and cotton has been reduced by nearly 30 million, most of which has gone into feed grains and soybeans.

The long-range outlook suggests that further shifts may be needed to bring production into balance with changing market demands. The market for livestock products will probably continue to expand. At the same time, our commercial outlets for most crops are likely to be limited.

The ease with which further production adjustments can be made will depend in large part on whether such adjustments are profitable to farmers.

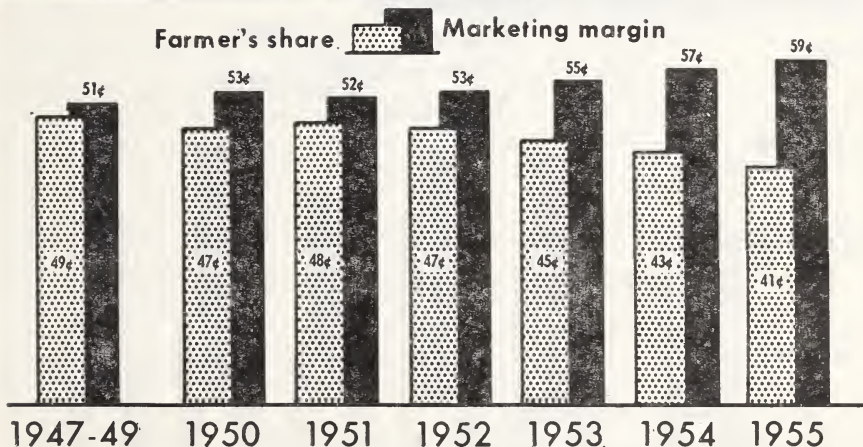
Gains in efficiency of production of livestock—as indicated by production per man-hour—have been less than half those in crop production since 1910.

The rise in production efficiency of feed grains has been noteworthy. But efficiency of hay production has increased less than the average for all crops. Greater effort to cut production costs of livestock and feed crops, especially forage, are needed to encourage further desirable production adjustments.

Marketing charges for farm products are generally up while the farmer's share is down. After rising much of the time since World War II, charges for marketing a basket of food products in 1955 are 19 percent above the 1947-49 average. But the farm value, or payment farmers receive for the equivalent farm products, is 15 percent less. Consequently, the farmer's share of the dollar consumers spent for these foods declined from 49 cents in 1947-49 to 41 cents in 1955.

Variations in the farmer's share from one group of products to another arise

Farmer's Share of Food Dollar Continues To Decline



* DATA FOR MARKET BASKET OF FARM FOODS BASED ON AVERAGE 1952 PURCHASES BY URBAN FAMILIES
DATA FOR 1955 PRELIMINARY

mainly from differences in operations involved in marketing and processing. The share is smallest for bakery and cereal products which require extensive processing and the largest for poultry and eggs which need comparatively little processing.

EXPORT OUTLOOK

The export outlook for major U. S. export commodities shapes up about like this:

Wheat and flour: With Government export programs, about the same quantity may be exported as in fiscal 1954-55 despite increased foreign supplies. However, price competition may reduce value below last year.

Rice: The recent pick up in U. S. shipments to Japan, more competitive U. S. prices, increased foreign donations, and lower exportable supplies abroad are expected to result in some recovery following the severe export decline in 1954.

Coarse grains: Expanding livestock numbers abroad and a better quality wheat crop in Europe (much of last year's low grade wheat was fed), to-

gether with large U. S. supplies at competitive prices should increase U. S. exports. Substantial barter and foreign currency sales have already taken place.

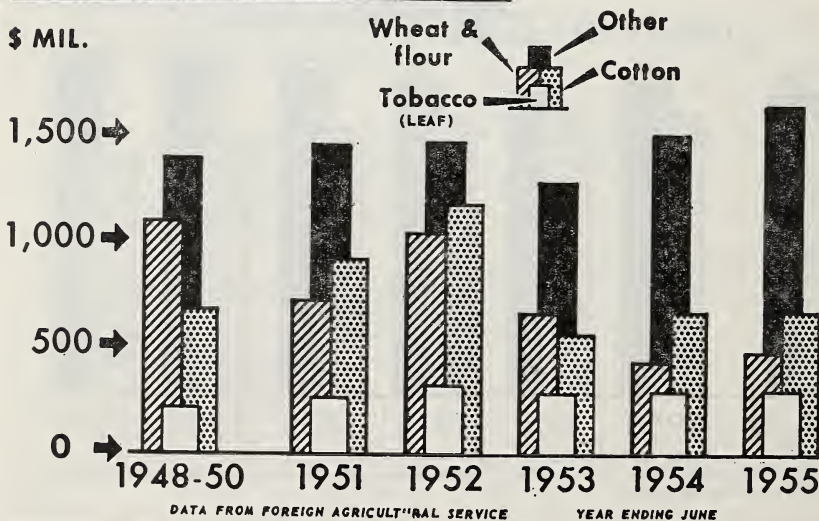
Cotton: Exports have dropped sharply so far this fiscal year, despite large commitments under Government export programs. Increased foreign production, lower foreign prices, and reduced mill demand abroad are largely responsible for the downward trend of U. S. exports.

Tobacco: A substantial increase is expected in view of high levels of economic activity abroad, little change in foreign production, low foreign stocks and large U. S. supply but primarily because of increasing sales for foreign currency.

Fats and oils: Continued large exports are in prospect in view of large U. S. supplies and attractive prices for lard, tallow, soybeans, and soybean oil. Total quantity exported may be somewhat below last year when large CCC liquidations of cottonseed and linseed oil swelled exports. Sales for foreign currencies are gaining in volume.

Frederick V. Waugh, *Director*
Agricultural Economics Division, AMS

Exports of Leading Products Steady in Last 2 Years



Land Values Increase and Farm Debt Rises

Prospects are that the financial situation of farmers in 1956 will not differ greatly from their situation in 1955. During 1955, farmers' financial situation was paradoxical—farm prices and farm income were lower than in 1954, yet the total value of farm assets and of owners' equities in these assets increased. The reason is that the value of farm real estate continued to rise in 1955 despite lower farm income.

Large Expenditures

Although there was an increase of ownership equities in agriculture during 1955, many farmers will enter 1956 with larger debts or less cash or both, than they had a year earlier. To increase efficiency or enlarge operations during 1955, some farmers bought more land; some installed irrigation systems; many added to their machinery and livestock and used more fertilizer and insecticides. Some made large outlays to repair storm damage. These expenditures, at a time when farm receipts were lower, reduced the financial reserves or increased the debts of many farmers.

On the whole, the outlook in 1956 is for continuation of the current cost-price squeeze and for some further reduction in net farm income. Some further decline in receipts from crops is expected, but receipts from livestock and livestock products are likely to be as high as in 1955. Farm production expenses may be slightly lower. Farm-mortgage debt seems certain to rise again in 1956. A continued high volume of real estate loans used to re-finance existing debts is expected. Non-real-estate debts of farmers are also expected to increase further but at a lower rate than in 1955. The liquid financial reserves of farmers may decline slightly.

Farmers will be under pressure to enlarge their farming operations so as to maintain their incomes. This may encourage an expansion of debt incurred for purchase of farm real estate,

machinery, and equipment. Small farmers, in particular, will continue to be in an unfavorable position unless they can expand operations.

The total value of farm real estate (land and buildings) will probably reach about \$97 billion by March 1, 1956, about 6 percent above a year earlier. The strength shown in prices of, and demand for, farm real estate during the last 18 months has been unusual in view of the downward trend in farm commodity prices and farm income. Based on past relationships, one might have expected farm real estate values to decline during 1955.

This unusual farm real estate situation apparently stemmed from: (1) The desire of farmers to enlarge their farms; (2) more liberal loan policies of some mortgage lenders; (3) generally favorable crop yields in 1955; (4) the favorable outlook for the economy at large; and (5) the expectation that the demand for farmland will be favorable in the long run, partly because of a continued high rate of population growth in the United States.

Debts Rise

The increase in debt during 1955 was not nearly as great as the increase in asset value. Farm debts on January 1, 1956 (excluding CCC loans) are expected to approximate \$16.9 billion, about 9 percent above the beginning of 1955. Farm debt will probably increase in 1956 at about the same rate as in 1955. On an industry-wide basis the farm debt situation in agriculture is generally considered to be sound. However, some of the younger farmers who have not had time to accumulate much equity in their farms, and heavily indebted farmers who are inefficient or are operating small units are in a vulnerable debt position—particularly in areas affected by drought and sharp price declines.

The year 1956 is expected to be the 15th consecutive year in which taxes paid on farm property have increased. Farmers will probably spend more for property insurance in 1956 than in 1955.

Norman J. Wall, Head
Agricultural Finance Section, ARS

RECORD SUPPLY OF FEED GRAINS WILL RESULT IN INCREASING CARRYOVER

The supply of feed grains and other concentrates is at a record high of 196 million tons for the 1955-56 season—8 percent more than last season. Feed prices are expected to average lower than in 1954-55.

Big 1955-56 feed supplies are the result of record carryover stocks, large feed grain acreage, and a generally favorable growing season.

The number of livestock on farms is expected to increase a little over 2 percent in 1955-56 to a total of 178 million animal units. The rate of feeding per animal unit is expected to be close to average and heavier than in 1954-55. If the rate of feeding per animal unit is about equal to the 1949-53 average, supplies would be sufficient to meet all domestic and export requirements and leave a carryover into 1956-57 about 4 million tons above the 39 million tons carried over into 1955-56.

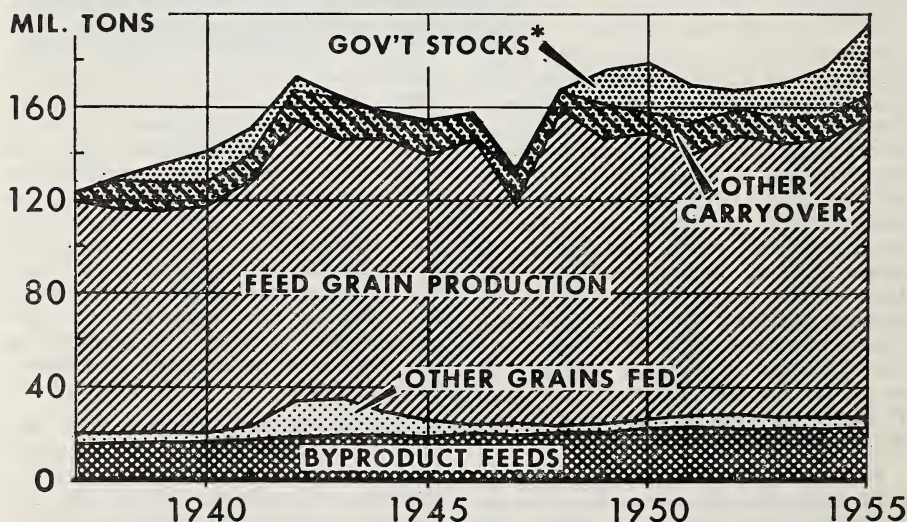
The feed grain supply is 10 percent

larger than a year earlier, with the increase about equally divided between larger production and larger carryover stocks. The crop of 130 million tons in 1955 was second only to 1948. About three-fourths of the record carryover is under loan or owned by CCC. The 1955-56 supplies are much better distributed over the country than in the previous 2 or 3 years.

Supplies of high-protein feeds are expected to be a little larger in total and per animal unit in 1955-56, with most of the prospective increase in soybean meal. The total hay supply is about 4 percent larger than in 1954-55, and about average per animal unit. Supplies are much better distributed than in 1954-55, and are adequate for livestock on farms in nearly all areas of the country.

At the beginning of the 1955-56 feeding season feed prices were substantially lower than a year earlier and are

Growing Feed Supply Reflects Mounting Stocks, Large Acreage, High Yields



1955 BASED ON NOV. 1 INDICATIONS

CORN AND SORGHUM GRAINS OCT. 1, OATS AND BARLEY JULY 1

UNDER LOAN OR OWNED BY CCC

U. S. DEPARTMENT OF AGRICULTURE

NEG. 1059A-55 (11) AGRICULTURAL MARKETING SERVICE

expected to remain lower, at least through this winter. However, feed grain prices already have risen from the November low and there may be some further seasonal rise later in the marketing year.

Corn

The corn supply for the 1955-56 season is estimated at 4,210 million bushels, 158 million bushels above the previous record of 1949-50 and 279 million larger than a year earlier. Of the 1,024 million-bushel carryover, about 850 million bushels were under loan or owned by CCC. The quantity of the 1955 crop placed under loan and purchase agreement is expected to be larger than the 259 million bushels from the 1954 crop.

Total disappearance of corn in 1955-56 is expected to be considerably larger than in 1954-55. With a normal feeding rate for the increased number of livestock on farms, around 2,750 million bushels would be fed. The use of corn for food and industrial purposes is expected to continue at the 1954-55 rate of a little over 250 million bushels. Exports of corn are expected to be somewhat larger than the 92 million bushels (grain only) exported in 1954-55.

Based on the above prospects for supplies and utilization the carryover of corn at the close of the 1955-56 season may total around 1.1 billion bushels.

Oats

The supply of oats for the 1955-56 season is nearly a fifth above the 1949-53 average and 9 percent larger than last season. Oats was a cheap feed last summer, especially in some areas. Total utilization, which was above average in 1954-55 is expected to increase further in 1955-56. Exports increased from an annual rate of 2 million bushels or less during the period 1951-53 to 13 million bushels in 1954-55, and probably will be larger in 1955-56. Even after allowing for heavy disappearance from this season's big supply, the carryover on July 1, 1956, is expected to be substantially above the big carryover of 315 million bushels on hand last July 1.

Barley

The total supply of barley for 1955-56 is estimated at 541 million bushels, 16 percent more than in 1954-55, and 53 percent above the 1949-53 average. Domestic use and exports are expected to be up substantially for the 1955-56 season, but some increase in carryover stocks appears probable.

Sorghum Grain

The supply of sorghum grains will exceed 300 million bushels for the first time and is 29 percent larger than in 1954-55. The large supply and lower prices are expected to result in heavier domestic disappearance and exports than in 1954-55, and only a moderate increase in carryover stocks is in prospect for 1956-57. The increase in domestic use is expected to be largely in livestock feeding, as industrial uses are not expected to expand materially. Exports for the entire 1955-56 season are expected to be the largest since 1951-52.

Exports

Exports of feed grains were at a much higher rate in the summer and fall of 1955 than a year earlier and are expected to continue comparatively heavy in 1955-56. Exports may increase around a million tons over the 5.5 million tons exported in 1954-55. Imports have been declining, and less than a million tons are expected to be imported in 1955-56.

Outlook for 1956-57

Total supplies of feed concentrates are expected to continue well above average in 1956-57, and with near normal growing seasons, to remain large for the next few years. Big carryover stocks and a large acreage of feed grains, which have been the important factors contributing to the big supplies in the past 2 years, are in prospect for 1956-57. The acreage of feed grains in 1956 will again be influenced by restrictions on planting of crops under acreage allotments.

Malcolm Clough
Agricultural Economics Division, AMS

RECORD SUPPLY OF WHEAT, RICE AND RYE MEANS MORE STOCKS TO STORE

The build-up in carryover stocks of wheat is expected to be materially slowed down in 1955-56. As the result of acreage allotments and marketing quotas, production was reduced from 985 million bushels in 1954 to about 938 million in 1955. On the basis of indicated winter wheat production and an allowance for the spring wheat crop, the 1956 crop may be only slightly below that of 1955.

Total wheat supplies for the marketing year that began July 1, 1955, are now estimated at a record 1,963 million bushels, 72 million bushels above the 1,891 million bushels of a year ago.

Domestic disappearance for 1955-56 is estimated at around 625 million bushels, somewhat above the small disappearance indicated for 1954-55. If exports total about the same as the 274 million bushels in 1954-55, the carryover July 1, 1956, would total about 1,063 million bushels, slightly above that of July 1, 1955.

The 1956 crop of winter wheat was indicated at 735 million bushels on the basis of December 1 condition. If the same acreage is seeded to spring wheat and average yields are obtained, a spring wheat crop of about 190 million bushels would be produced. These together would indicate a crop of about 925 million bushels. Domestic disappearance in 1956-57 is expected to total about the same as the 625 million bushels estimated for 1955-56. If exports total about the same as last year, total disappearance would amount to about 900 million bushels, or about 25 million bushels less than a 925 million bushel crop. This would afford a further small increase in carryover by June 30, 1957.

The national average support price for the 1956 crop will be not less than \$1.81 per bushel. The full support level will be available in the 36 commercial wheat States for producers who comply with their individual farm acreage allotments. Support rates in the 12 non-commercial wheat States are set by law at levels representing 75 percent of the

rates calculated on the national average. In the noncommercial States, acreage allotments and marketing quotas will not apply.

Rice

The outlook for rice centers around record large supplies, with sharply increased carryover stocks. Rice supplies for the year beginning August 1, 1955, are estimated at 83.6 million cwt., in terms of rough rice. The sharp increase in the carryover much more than offsets the reduction in production. The carryover jumped from 7.6 million cwt. (in terms of rough rice) on August 1, 1954, to 29.9 million cwt. last August.

Domestic disappearance of rice for 1955-56 is estimated at 27.9 million cwt., in terms of rough rice. This is slightly more than the 27.7 million cwt. estimated for 1954-55. Exports for 1955-56 are uncertain at this time. However, they are likely to be considerably higher than last year but probably not as large as some other recent years. Exports of as much as 25.5 million cwt. would be required to prevent a further increase in carryover on August 1, 1956. Exports totaled 14.4 million cwt. in 1954-55, and 25.2 million in the peak year of 1952-53.

Under provisions of existing legislation and with the large supplies available, acreage allotments and marketing quotas will need to be proclaimed for the 1956 crop. With reduction in the 1956 national acreage allotment of not more than 15 percent set by legislation, the allotment will be set at 85 percent of the allotment established for the 1955 crop. This would indicate an acreage of about 1,640,000 acres (including minor producing States), compared with 1,852,000 acres in 1955 and 2,476,000 in 1954. If marketing quotas are approved, the actual acreage seeded will be close to the allotted acreage.

Assuming yields of 2,600 pounds per seeded acre, which is below the 2,895-pound record in 1955, when growing conditions were very favorable, but

above the 2,237-pound average in the preceding 5 years, a crop of 42.6 million cwt. would be produced in 1956. If disappearance is about the same as the 50.9 million cwt. estimated for 1955-56, the carryover on August 1, 1957, could be reduced by over 8 million cwt.

Rye

Rye production in 1955 was increased by a fifth, compared with a year earlier, reflecting expansion of rye on diverted wheat land. The 1956 indicated acreage of rye is about 8 percent below the 1955 acreage.

Rye supplies for 1955-56 total about 48.8 million bushels. This includes carryover stocks on July 1, 1955, of 16.2 million bushels, estimated production of 29.2 million, and imports of 3.4 million (restricted by quota). This compares with 42.7 million bushels last year, and would be the largest supply since the 57.7 million in 1944-45. Rye disappearance in 1955-56 may be about 31 million bushels, compared with 26.5 million the previous year. The carry-

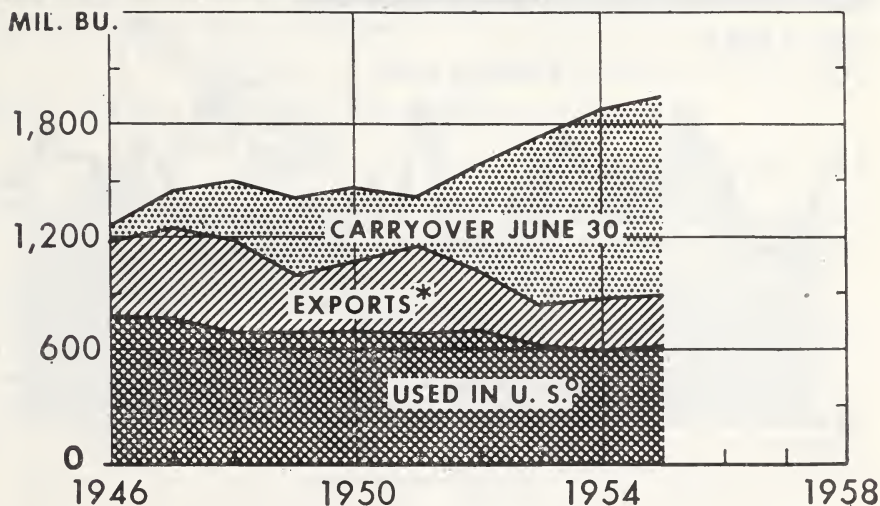
over on July 1, 1956, may be about 18 million bushels, which compares with 16.2 million July 1, 1955, and the 1949-53 average of 6.6 million.

The 1955 rye crop is being supported at an average rate of \$1.18 per bushel, which compares with \$1.43 for the 1953 and 1954 crops. With prices well below the support level, farmers had placed 8.3 million bushels of rye under support through November 15, which compares with 4.4 million for the same period a year earlier. In 1954-55, they placed a record 7.3 million bushels under price support, of which 6.6 million were delivered to the CCC.

Assuming the acreage for harvest in 1956 is a little below the 2.1 million acres harvested in 1955, and yields are equal to the 1945-54 average of 12.5 bushels, production in 1956 would total about 25 million bushels. This would probably be less than total disappearance, and a moderate reduction in the carryover on July 1, 1957, is likely.

Robert E. Post
Agricultural Economics Division, AMS

Wheat Stocks Still Increasing but at Slower Rate



* INCLUDES FLOUR MILLED FROM DOMESTIC WHEAT ONLY

° INCLUDES TERRITORIAL AND MILITARY FOOD USE

U. S. DEPARTMENT OF AGRICULTURE

1955 DATA ARE SEPTEMBER ESTIMATES.

NEG. 1016A-55 (9) AGRICULTURAL MARKETING SERVICE

RECORD YIELD OF COTTON PER ACRE SWELLS SUPPLY AS DEMAND DROPS

The cotton situation for the 1955-56 marketing year is one of very large supply and increasing stocks.

The supply of cotton in the United States is now estimated at 25.7 million bales, more than a million bales larger than the previous record. Disappearance in 1955-56 is expected to be less than 12 million bales. Although domestic mill consumption will probably be larger than in 1954-55, exports are likely to be considerably smaller. The carryover at the end of the 1955-56 season is expected to be large and will probably set a new record of about 14 million bales.

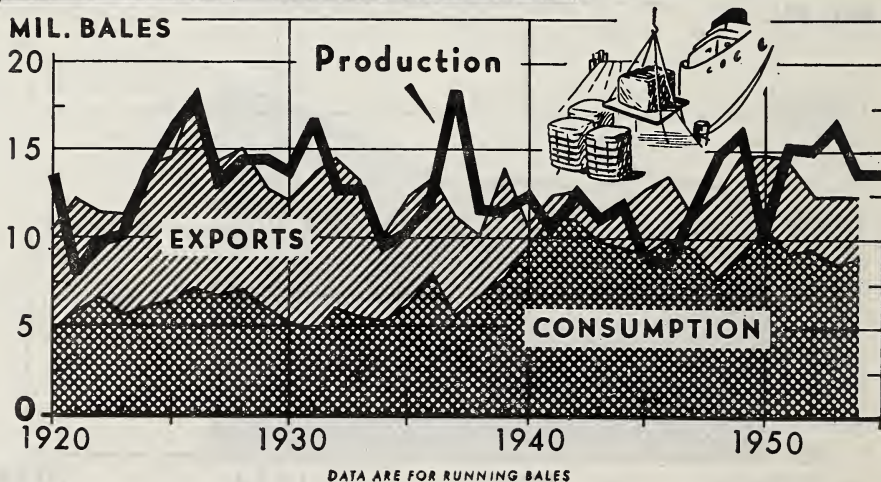
The record supply of about 25.7 million bales is 2.2 million bales above a year earlier and 1.1 million more than the previous record of 24.6 million bales in 1939-40. The current large supply was caused by a large starting carryover and an indicated record yield per harvested acre. Although acreage in cultivation on July 1, 1955, was about 12

percent smaller than a year earlier, the estimated yield per harvested acre of 416 pounds was up about 75 pounds. As a result, the 1955 crop of about 14.5 million running bales is about 6 percent larger than the 1954 crop. Yields per acre have set new records in each of the last 3 years.

CCC held stocks totaled about 11.9 million bales on December 2, of which 3,849,000 were from the 1955 crop. By August 1, 1956, CCC stocks may increase more than total stocks. Stocks not held by CCC probably will be smaller than the 3 million bales of August 1, 1955.

Expected disappearance of less than 12 million bales compares with 12.3 and 12.4 million in the 2 preceding seasons. Domestic mill consumption will probably total about 9.2 million bales, compared with the 8.8 million bales used in 1954-55. The average daily rate of domestic mill consumption during the first 3 months of the 1955-56 season was about 6 percent above the rate of

Production Exceeds Disappearance Each Year Since 1950



a year earlier. However, there probably will not be as large a percentage difference between the totals for the two seasons.

The higher rate of cotton consumption is being caused primarily by a high level of consumer income and by low stocks of broad woven goods in relation to unfilled orders. Preliminary estimates put domestic mill consumption of cotton per person in the U. S. about a pound above the 1954 figure of 25.4 pounds but about 5 pounds below 1951 consumption.

Exports Down

Exports from August through October 1955 of about 368,000 bales were only 50 percent of those a year earlier. Although exports will probably show a seasonal increase in December 1955 and January 1956, they are not likely to rise to the same level as the corresponding period a year earlier when about 831,000 bales were exported. A probable decrease in U. S. exports of cotton below last season is indicated by the larger foreign production and the leveling out of foreign consumption this season.

Foreign free world stocks of cotton could increase because of the special export program, which may reduce the price for which CCC will offer for sale for export up to a million bales of cotton $1\frac{5}{16}$ -inch and shorter. If foreign

stocks increase by around 400,000 bales, exports from the U. S. may total about 2.7 million bales. If foreign countries do not increase their stocks, U. S. exports will probably be less than 2.7 million bales and could decline to less than 2.5 million. Exports in 1954-55 were 3.4 million bales.

Production of cotton in the foreign free world is expected to reach a post-World War II high in 1955-56. Acreage harvested is estimated to be about 63 percent larger than in 1947-48 and the yield per acre is expected to be up about 17 percent.

Competes With Synthetics

Cotton still faces competition from manmade fibers. Consumption of all textile fibers in the U. S. increased from 31.5 pounds per person in 1935-39 to an average of about 41.6 pounds in 1950-54. But cotton consumption of 28.8 pounds per person in 1950-54 was only 3.3 pounds above the 1935-39 average, while manmade fiber consumption was up about 6.9 pounds. Substitution varies from use to use. In general, cotton has been losing ground in industrial uses but has been gaining in the apparel and household fields during the past few years. In the past, tires were the largest single use for cotton, but this market has been virtually lost to the manmade fibers.

Frank Lowenstein
Agricultural Economics Division, AMS

Little Change Is Seen in Wool Situation for 1956

Wool production in 1956 is not likely to be greatly different from last year, as little change in the number of stock sheep is suggested by slaughter figures.

Mills will probably use about the same quantities of both apparel and carpet wool that they used in 1955.

Prospects are for a slightly larger world supply of wool during the 1955-56 season. Production is expected to be a little larger, and stocks are up slightly from a year ago.

Prices received by farmers for wool in 1955 will average substantially below the 53.9 cents per pound received for the 1954 season. Individual producers

will receive incentive payments based on the percentage needed to bring the U. S. average price received per pound up to the incentive level of 62 cents per pound.

For the 1956 marketing year the incentive level is continued at 62 cents per pound, grease basis, and incentive payments will be made as under the 1955 program. It appears likely that the average of prices received in the open market in 1956 will not be greatly different from the 1955 average and will again be substantially below the incentive level.

Albert M. Hermie
Agricultural Economics Division, AMS

CATTLE PRICES MAY SHOW SLIGHT GAIN AS HOG PRICES END DOWNTREND

Prices of cattle in 1956 could begin a gradual cyclical recovery, and prices of sheep and lambs are expected to average as high as in 1955. Prices of hogs will probably be lower than in the previous year in the first half of 1956 but will compare more favorably later, and for the year may average not much below 1955.

Large Production

Strong consumer demand for meat, increasing supplies and lower prices of feed, and emphasis on livestock as a source of income have lifted production of meat animals to record volume in 1955 and will keep it very nearly as large in 1956. Production of hogs now promises to turn down in 1956, but the number slaughtered will moderately exceed 1955. Cattle numbers and slaughter, at a record high in 1955, may be down slightly in 1956. Sheep numbers also may show a slight decline in January 1956.

Production of the red meats increased steadily from 21.9 billion pounds in 1951 to almost 27 billions in 1955. Production will likely remain at around 27 billions in 1956. Production by types of meat will not change much in 1956. Output of pork will go up a bit while that of beef, veal, and lamb might decrease by a small amount. Consumption per person was at a 47-year high of 161 pounds in 1955 and will likely be close to that figure in 1956.

The number of cattle slaughtered has been almost in balance with the number produced for 3 years. No great change in inventories is yet underway. However, the prospects favor a small decrease in the inventory of cattle and calves on January 1, 1956. The number slaughtered in 1956 also may be reduced, but only moderately.

Of most significance to the outlook for cattle, both in 1956 and later, is the substantial increase in the number of female stock slaughtered in 1955. It was the third sizable increase in a row in cow slaughter, and the fourth in heifer slaughter. With fewer calves

likely to be born the next few years, the annual cattle inventory will probably drift cyclically downward until farmers again begin to withhold cows and young stock.

A small reduction in slaughter in 1956 along with undiminished consumer demand for meat would point to a prospective beginning of a cyclical improvement in prices of cattle. But chances are for any price advance to be modest.

Strong demand for meat, rising supplies and declining prices of feed, and relatively higher prices of fed cattle than other classes have all contributed to record cattle feeding activity in the last 3 years and will keep it large in 1956. Profits in cattle feeding may prove no more than average in 1956. They might be larger in feeding for late than for early sale. Since cattle went on feed earlier and at heavier weight this fall than last, they will be ready for market earlier and prices will probably be under more pressure in the first than the second half of the year.

Prices for hogs may average slightly lower in 1956. The difference will probably be small, and will largely arise from lower prices in early months of the year. Prices in some months of the second half may be as high or higher than in the same months of 1955.

Further price declines are expected to be small because the increase in supply of pork seems due to end during the year. The year's prospective consumption of 67 pounds per person would be up only a pound from 1955 and would not be unusually large.

Hog slaughter will be considerably above the 1955 rate in the first half of 1956, but slightly below in the second half. For the year as a whole, slaughter will total moderately larger.

Spring Pigs

Farmers' intentions for spring pigs, as reported December 22, were for a decrease of 2 percent. Although hog prices in the fall of 1955 were so low as to discourage producers, the price

of corn also was down and the hog-corn price ratio was only a little less than average.

The price of corn strengthened in ending weeks of 1955. If a large quantity of corn goes under support and its price is higher by spring, the hog-corn ratio might become definitely unfavorable. It would then result in a smaller pig crop in the fall of 1956. This would promise rising prices for hogs in the spring of 1957.

Prices of sheep and lambs may be as high or a little higher than in 1955. The lamb crop in 1955 was 1 percent smaller than in 1954 and sheep and lamb slaughter was up about 2 percent, making a smaller inventory likely in January 1956. Slaughter in 1956 will probably be close to that of 1955 unless the downtrend in sheep inventories should be reversed during the year. In the latter case, slaughter would be smaller. Prices of sheep and lambs will be sensitive to any trends in sheep numbers and slaughter, as well as to any change in prices of cattle. It seems likely that they will average as high as in 1953, and they might improve a bit.

As prospective changes in meat supplies are small, retail prices in 1956 also will not differ much from 1955. Choice beef might average a few cents higher, while pork prices may be slightly less than their average of 1955.

Margins between live animal and retail prices widened in 1955 following their customary behavior of widening when supplies increase and narrowing when supplies are smaller. In 1956, margins are not likely to increase more and might narrow slightly.

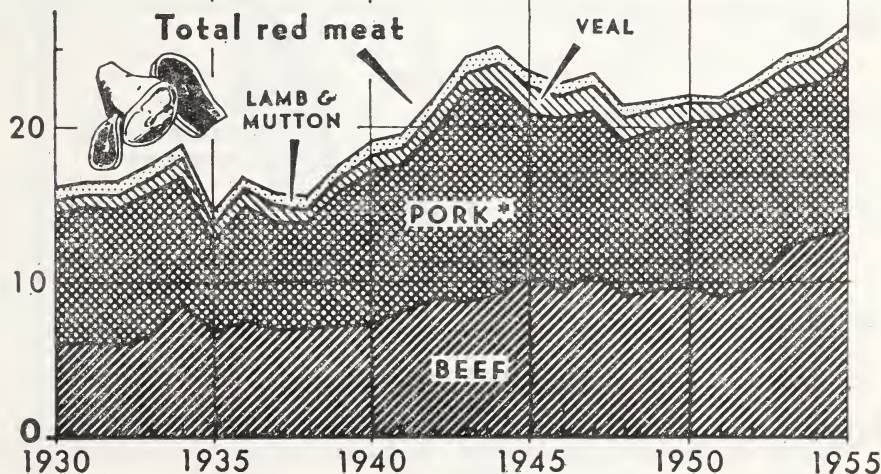
One trend in demand over many years has been a turning away from pork toward beef. This has reflected in part consumers' growing dislike for the fatter cuts of pork. Another cause of loss of demand for pork is the shift of population from pork-eating areas (the South and all farming areas) to beef-eating areas. Still another is increased use of refrigeration in frozen food lockers and home freezers, which has aided demand for beef more than that for pork. Trends in demand for pork will not be reversed in 1956, but neither are they likely to be accentuated.

Harold F. Breimyer

Agricultural Economics Division, AMS

Pork and Beef Increase as Meat Output Sets New Record in 1955

BIL. LBS.



CARCASS WEIGHT EQUIVALENT OF MEAT PRODUCED FROM ALL SLAUGHTER

1955 PARTLY FORECAST

*EXCLUDES LARD

U. S. DEPARTMENT OF AGRICULTURE

NEG. 1698-55 8) AGRICULTURAL MARKETING SERVICE

FARMERS MAY GET MORE MONEY FOR MILK DESPITE LARGE PRODUCTION

Milk production promises to reach a new high in 1956, cash receipts from dairy products may increase moderately, and net returns from dairying may be a little larger than in any of the last 3 years.

Milk production has been above a year earlier in recent months and in 1956 probably will reach 126 or 127 billion pounds, compared with the record of over 124.5 billion produced in 1955. The number of cows declined some during 1955, but continued improvement for dairy farming compared with some alternative products, especially hogs, may result in an upturn in numbers of milk cows in the next year or so. With large supplies and better regional distribution of both feed concentrates and roughages, dairy cows on the average probably will continue to be fed better than in 1955. And, since the quality of cows is improving each year, it is likely that production of milk per cow will continue to show significant increases.

A larger population using milk at the

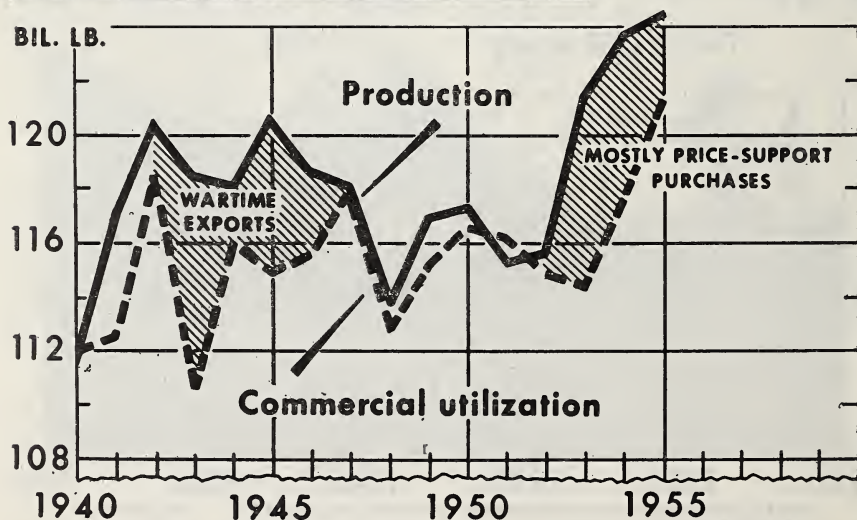
same rate per person as in 1955, would take about 2 billion pounds more milk, about equal to the likely gain in production. Since consumer incomes probably will increase to another record in 1956, demand for dairy products probably will be at least as strong as in 1955.

With domestic consumers likely to take the probable increase in production, sales of dairy products to the CCC for price support in 1956 may approximate the 4.7 billion pounds of 1955, compared with 9.1 billion in 1954.

Price-support level for dairy products will remain at current levels through March 1956. The support level for the marketing year beginning April 1, 1956, will be announced sometime before that date. It will be between 75 and 90 percent of parity, unless the covering legislation is altered before then.

It is probable that cash farm receipts from dairy products will increase

Production Exceeds Total Commercial Use in Recent Years



slightly over the \$4.2 billion of 1955. An increase in milk output to 126 billion pounds in 1956 would result in farm sales of 111 billion pounds milk equivalent, which at 1955 prices would result in total cash receipts from the sale of dairy products of at least \$4.3 billion. This compares with receipts of \$4.1 billion in 1954, \$4.4 billion in 1953, and the record to date of \$4.6 billion in 1952.

Consumption Up

Civilian consumption of dairy products from commercial sources increased slightly during 1955 to about 112 billion pounds. This was helped by the continued expansion in consumer incomes and by lower retail prices for manufactured dairy products after support levels were reduced in April 1954.

Consumption of fluid milk and cream continues to show moderate increases over a year earlier partly as a result of the special programs to increase consumption of milk by school children, military personnel, and patients in Veterans' hospitals. In total, per capita consumption of milk products was about 710 pounds in 1955 compared with 699 pounds in 1954 and the record low of 688 pounds in 1953.

Purchases of dairy products by CCC are running one-fourth smaller this marketing year than last. With a sharply stepped-up rate of disposition of price-support stocks in both domestic and overseas outlets, stocks owned by CCC have been sharply reduced.

A desirable change occurred in 1955 in the utilization of milk. We produced less butter and American cheese (items bought by CCC in order to support the general level of prices.) This reflects the decrease in volume of surplus dairy products. Beginning in May 1955, dealers paid higher prices for milk; more milk was used in fluid form and ice cream. For 1956, the relative distribution of milk among the different outlets is likely to change less than it did from 1954 to 1955, unless milk output increases more than now seems likely.

Herbert C. Kriesel
Agricultural Economics Division, AMS

TOBACCO GROWERS TO CUT ACREAGE

Producers of most kinds of tobacco will cut their acreage in 1956 since supplies are large compared with domestic and export requirements. Growers of flue-cured voted last July and growers of burley, Maryland, Virginia sun-cured (type 37) and Pennsylvania filler (type 41) voted in late December on whether marketing quotas and acreage allotments should be in effect on their 1956-58 crops. Substantial majorities voted in favor in the flue-cured, burley, Maryland, and Virginia sun-cured referendums. At least two-thirds of the growers voting must approve to make quotas effective. Quotas were not approved in Pennsylvania. The 1956 crops of most other types will be under marketing quotas since growers voted for them in 1954 and 1953.

Carryover Up

The 1955 crop of flue-cured plus the increased carryover raised supplies to a new record high—10 percent above a year earlier. Acreage allotments for 1956 are 12 percent smaller than for 1955. Some leaders in the growing area are urging a greater cut.

The increase in carryover of burley largely offset the decrease in production last year so that supplies are only slightly below record. Most burley allotments in 1956 will be about 15 percent lower than in 1955.

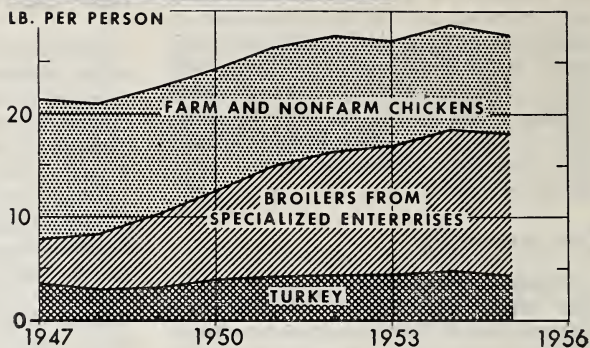
The total supplies of fire-cured and dark air-cured (including sun-cured) are 3 to 4 percent above a year earlier despite last year's cuts in allotments. The 1956 farm allotments for fire-cured and dark air-cured have been reduced further—15 and 20 percent, respectively.

The 1956 allotments for most farms growing cigar types 42-44 and 51-55 will be about 12½ percent smaller than in 1955. Growers of cigar binder types are concerned about the development of "manufactured binder sheet," which utilizes whole leaves, including stems and contains nontobacco material as well.

Arthur G. Conover
Agricultural Economics Division, AMS

Broilers Provide Growing Share of Poultry Meat Supply

Chicken, Egg And Turkey Production May Show Increase— Demand Unchanged



U. S. DEPARTMENT OF AGRICULTURE

NEG. 1833-55 (10) AGRICULTURAL MARKETING SERVICE

More eggs, chickens, and turkeys are likely to be produced on farms in 1956 than in 1955, and prices may average a little lower. Higher poultry product prices in 1955 brought gross returns enough above feed costs to induce expansion for the coming year, particularly in view of the prospect that feed prices will continue relatively low.

Demand for eggs and poultry meat is unlikely to rise in 1956 despite prospects for slightly higher consumer purchasing power and nonfarm employment. Supplies of red meat, which compete with poultry meat, will likely be large and prices lower than a year earlier.

Egg production up to mid-summer 1956 is likely to average close to corresponding 1955 levels. The anticipated 2 or 3 percent decrease in potential layers will be about offset by prospective increases in the rate of lay.

After mid-summer, egg production will be increasingly influenced by the number of replacement pullets added to the laying flock. Replacements are likely to be up from the record low of 1955 but below the 620 million raised in 1954.

Egg prices during much of 1956 are likely to average lower than in 1955. February and March prices may be lower than in 1955 since the unusual run-up in egg prices which occurred in late January and February, and continued into March, is not likely to be repeated. Later in the spring, if flock

replacements go up, demand for storage may be weak in anticipation of a fall egg supply larger than 1955's record. Farmers' prices through most of the first half of 1956 may be around the average for the second quarter of 1955, which was 34.5 cents.

Broiler production in 1956 is likely to continue the long-time upward trend. The rising production, and possibly continued red meat prices near present levels, will likely hold average broiler prices at a lower level than the 1955 average.

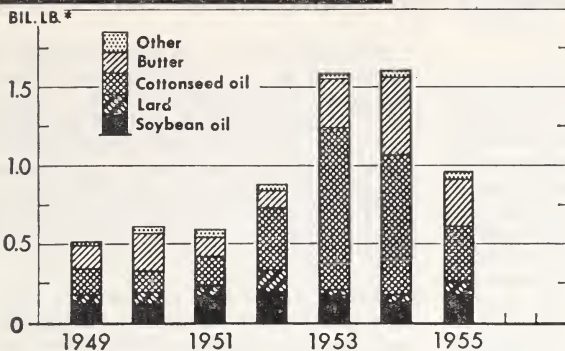
Total consumption of broilers probably will rise in 1956. Supplies of farm chickens will be up slightly. The result is likely to be a small increase over 1955 in per capita consumption of total chicken.

Higher prices for turkeys in the fall of 1955 combined with lower feed prices resulted in a much more favorable situation for turkey producers compared with a year earlier. This improvement probably will induce an expansion of turkey production in 1956.

An October survey indicated that flock owners then intended to keep 13 percent more heavy breed turkey hens for hatching-egg production than a year earlier and 7 percent more light-breed hens. The Department urged growers to use the report as a basis for adjusting their 1956 production.

Edward Karpoff
Agricultural Economics Division, AMS

Heavy Exports Result in Sharp Drop in Carryover of Food Fats



U. S. DEPARTMENT OF AGRICULTURE

* STOCKS OCT. 1

REG. 1795-55 (10) AGRICULTURAL MARKETING SERVICE

Supply of
Fats And Oils
Is Large—
Exports
May Increase

Prices of most food fats will average lower than the year before, mainly because of larger production and lower support prices for oilseeds.

Supplies of food fats in 1955-56 will be about as large as the 1954-55 record quantity and will probably far exceed domestic use. Exports will likely be sufficient to prevent much change in carryover next year.

Supplies of all oilseeds and peanuts are plentiful and prices are likely to average near support levels and less than a year ago.

The 1955 soybean crop of 371 million bushels is 30 million more than the 1954 crop. Supplies for the 1955-56 marketing year totaled 381 million bushels, 38 million more than last year's previous high. Crushings, exports, and carryover stocks will rise to new highs. Prices have been a little above support.

Prices to farmers for 1955 crop cottonseed are likely to average near support, but substantially below the season average price for the 1954 crop. Cottonseed output from the 1955 crop is placed at 6,043 thousand tons, 6 percent more than a year earlier.

Prices to farmers for Spanish and Runners peanuts are likely to be near the loan level. Prices for Virginia type peanuts however are well above the loan value because of short supplies. The total 1955 peanut crop, at 1,610 million pounds, is up sharply from the small output in 1954. The new crop is

greater than probable food and farm uses and a substantial quantity will be available for crushing and for addition to stocks.

The 1955 flaxseed crop totaled 41 million bushels. This is the same as the previous crop and much greater than probable domestic use. Prospects for substantial exports of U. S. flaxseed through commercial channels at prices at least as high as the 1955 support level appear reasonably good.

Production of inedible tallow and greases in 1955-56 may rise somewhat above the 2,825 million pounds of the previous season because of an expected increase in hog slaughter. However, total disappearance probably will be sufficient to absorb the available supplies without much change in stocks.

Lard supplies in 1955-56 will be considerably more than a year earlier, primarily because of an expected increase in hog slaughter. More lard probably will be used in shortening as prices are likely to be low relative to the edible vegetable oils. Prospects are for larger exports than a year earlier.

There was practically no tung nut or castor bean production in 1955. The tung crop was severely damaged by freezing weather in the spring and about the only castor beans raised were those being used for seed or experimental purposes.

Sidney Gershben
Agricultural Economics Division, AMS

Outlook for Fruit, Fresh and Processed Vegetables, Potatoes, Sweet Potatoes, Peas, Beans, and Seeds

Fruit

With consumer incomes high and expected to increase further, domestic demand for fruit in 1956 is expected to be as strong as in 1955. Prospects for exports of fruits seem better than in 1955. Total production of deciduous fruits and tree nuts in 1956 probably will be a little larger than in 1955. Citrus production is expected to continue to trend upward.

Production of oranges is expected to continue to trend upward over the next few years. Many new trees have been planted in Florida and Texas during the last 5 years or more and some have already started to bear. On the other hand, many groves in California have been removed. But the expansion in Florida and Texas is expected to more than offset the reduction in California. With average weather, total production of oranges probably will be somewhat larger in 1956-57 than that now in prospect for 1955-56.

Some further upward trend in the production of grapefruit over the next few years seems likely. Most of the increase is expected to consist of seedless varieties of white grapefruit and of red and pink grapefruit. The upward trend in total production of grapefruit probably will be slower than that for oranges.

Production of lemons in California in 1956-57 probably will be somewhat above the 1944-53 average, if weather is favorable. The crop will come from young trees as well as from older trees.

With average weather, the 1956 crop of apples could be expected to be about the same size as the 1955 crop, but with production by regions more in line with average. Demand for fresh apples is expected to be strong in 1956 and demand for apples for processing may be better than in 1955.

With average weather, total production of pears in 1956 probably will not be greatly different from the near-average 1955 crop. Demand for pears is expected to continue strong in 1956.

The 1956 crop of peaches can be expected to be considerably larger than the small 1955 crop, if weather is average. Heavy increases can be expected in the 12 Southern peach States, where spring freezes practically eliminated production, and in Virginia and some of the North Central States, where spring freezes severely reduced the 1955 crops.

With production of peaches more nearly average in States marketing early in the season, grower prices during this period can be expected to average somewhat under the relatively high prices during the same time in 1955. Prices in late summer may not be greatly different from those in the same period of 1955.

The 1956 grape crop probably will be moderately smaller than the 1955 crop if weather is average. The largest tonnage decrease would be in California, with reductions in all three varietal groups. Demand for grapes probably will be at least as strong in 1956 as in 1955.

Vegetables

Demand for fresh and processed vegetables in 1956 probably will be as strong as in 1955, in line with expectations of continued high consumer income. Thus, prices received by farmers for fresh market vegetables in 1956 will depend largely on the volume produced and marketed. Supplies of fresh market vegetables in 1955 totaled less than in 1954, and monthly prices generally averaged higher than a year earlier.

Supplies of canned and frozen vegetables for the 1955-56 marketing season are not expected to differ substantially from those of 1954-55. Stocks at the beginning of the marketing year were lighter than those of a year earlier, but a slightly larger pack should about offset the smaller stocks. In general, supplies of most individual items appear to be in better balance this season than last, and with prospects for continued strong demand, re-

tail prices to mid-1956 are expected to average a little higher than in the corresponding period of 1955.

Potatoes

Potato production in 1956 is likely to be smaller than in 1955 if yields average close to those of recent years.

The 1955 crop is estimated at 384 million bushels—about 8 percent larger than the 1954 crop—and appears to be well in excess of normal trade requirements. When the large crop began to weigh heavily on market prices last summer the Department of Agriculture put into effect a potato diversion program to assist the industry in disposing of 1955 crop potatoes in excess of market requirements.

The diversion program and restrictions limiting marketing of table stock potatoes to certain minimum sizes and grades will tend to bolster prices received by farmers for remaining 1955 crop potatoes. But, barring an unforeseen cut in potato production for winter and spring harvest, prices of potatoes into next spring are expected to average well below those of a year earlier.

Seeds

The total supply (1955 production plus carryover) of 27 legume and grass seeds for the 1955-56 planting season, estimated at 1¼ billion pounds, is 19 percent larger than a year ago, and 6 percent larger than the 1944-53 average. Larger production in 1955 more than offsets a smaller carryover. The total supply of the legume and grass seeds, which are sown mostly in the spring, is a fourth larger than last year and than average. The supply of the winter cover-crop seeds, which are sown chiefly in the fall, is about the same as last year but 26 percent below the average.

Prices paid for most legume and grass seeds were quite a little lower in the fall of 1955 than a year earlier and were below the 1949-53 average. It is expected that prices paid by farmers for seeds will average lower in 1956 than in 1955 assuming no material expansion in conservation programs, but the

situation will vary considerably by kinds and varieties.

Dry Peas

Domestic demand for dry field peas in 1956 is not expected to differ significantly from that of a year earlier, but export demand is expected to be down substantially from the 1955 level when supplies in Europe were extremely short. The 1955 crop, while substantially smaller than the 1954 crop, appears to be large enough to satisfy domestic requirements. Prices into mid-1956 are expected to continue well above the 1949-53 average, but probably will average moderately below the high level of a year earlier.

Sweetpotatoes

Experience in recent years indicates that farmers are likely to produce fewer sweetpotatoes in 1956 than in 1955. Since a large part of the big 1955 crop was produced in those commercial areas having storage facilities, supplies in the northern markets this winter and spring should be larger than in 1955, and farm prices are expected to average well below those of a year earlier. The expected lower prices probably will discourage any expansion in acreage in 1956. Demand for sweetpotatoes in 1956 is expected to be at least as strong as in 1955.

Dry Beans

Total food use of dry edible beans may be higher in the 1955-56 marketing season than in the 1954-55 season. Although production in 1955 was slightly larger than in 1954, supplies of the various types are better balanced. Plentiful supplies and lower support prices for the 1955 crop beans should encourage somewhat larger exports of beans in 1956 compared with a year earlier. The United States has had a surplus of dry edible beans throughout the postwar period and prospects are that the surplus will continue into 1956. But the coming year promises to be one in which total use, domestic and export, may exceed production of the preceding season and result in some slight reduction in stocks.

FARMERS' PRICES

Indexes (1910-14=100)	1954		1955			
	Decem-ber	Year (av-erage)	Septem-ber	Octo-ber	Novem-ber	Decem-ber
Prices received by farmers	239	249	235	230	225	223
Parity index (prices paid, interest, taxes, and wage rates)	279	281	279	280	279	279
Parity ratio	86	89	84	82	81	80

Farmer's share of consumer's food dollar—39 percent in November 1955; 42 percent in November 1954.



February

Food tradesmen and writers who cooperate in USDA's Plentiful Foods Program will concentrate their merchandising and promotional efforts on **Potatoes, Pork, and Beef.**

These commodities have been designated as "features" on the February Plentiful Foods List—a monthly list compiled by USDA marketing specialists as a guide for those who are helping to accelerate movement of plentiful foods through regular trade channels.

Besides the featured foods, the following commodities are February plentiful:

**Grapefruit . . . Celery . . . Rice . . .
Broilers and fryers . . . Milk and
other dairy products . . . Vegetable
fats and oils . . . Peanut butter . . .
Lard . . . Cabbage . . . Canned tuna
in oil.**

UNITED STATES
DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE
WASHINGTON 25, D. C.
OFFICIAL BUSINESS

PENALTY FOR PRIVATE USE TO AVOID
PAYMENT OF POSTAGE, \$300
(GPO)